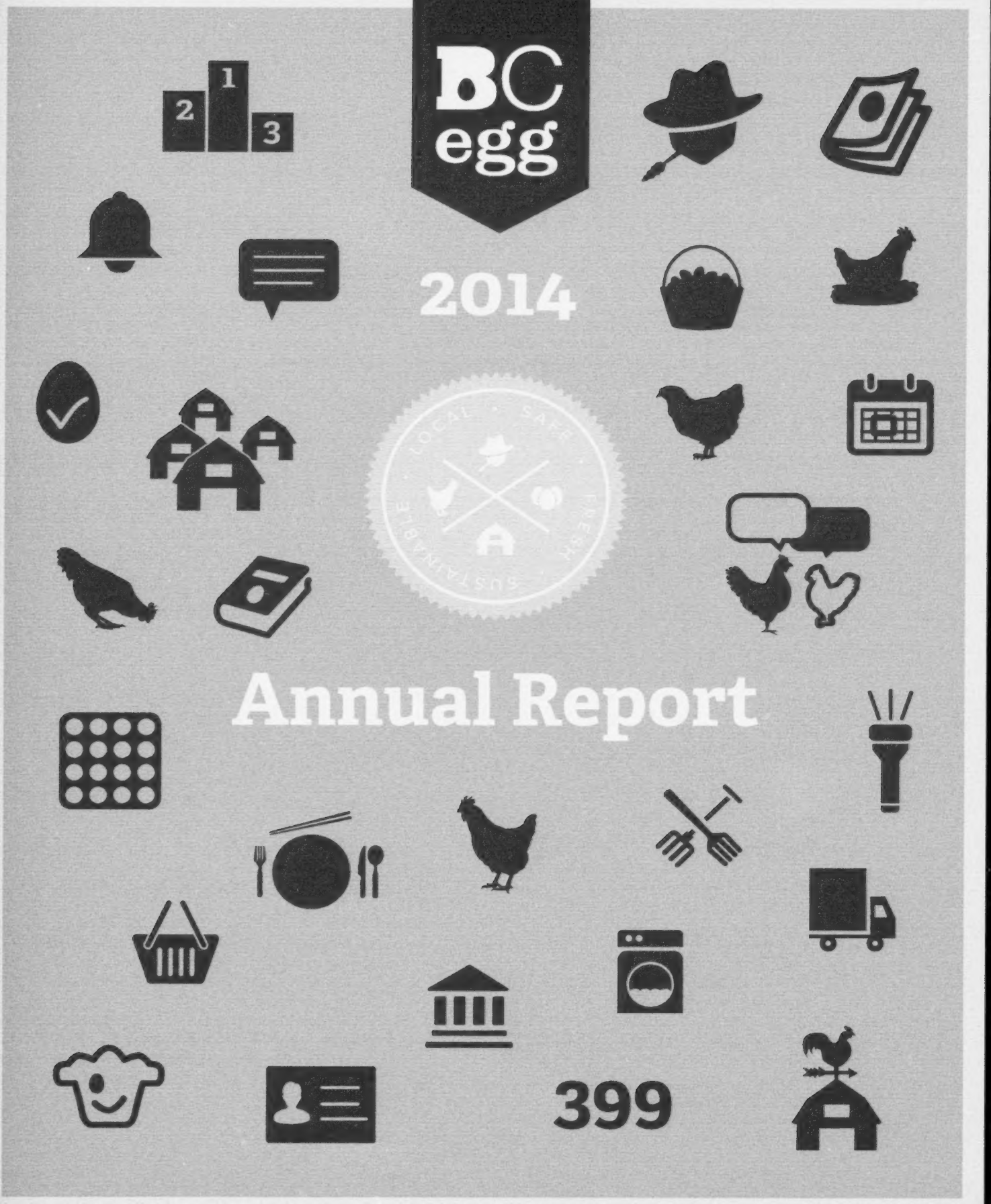
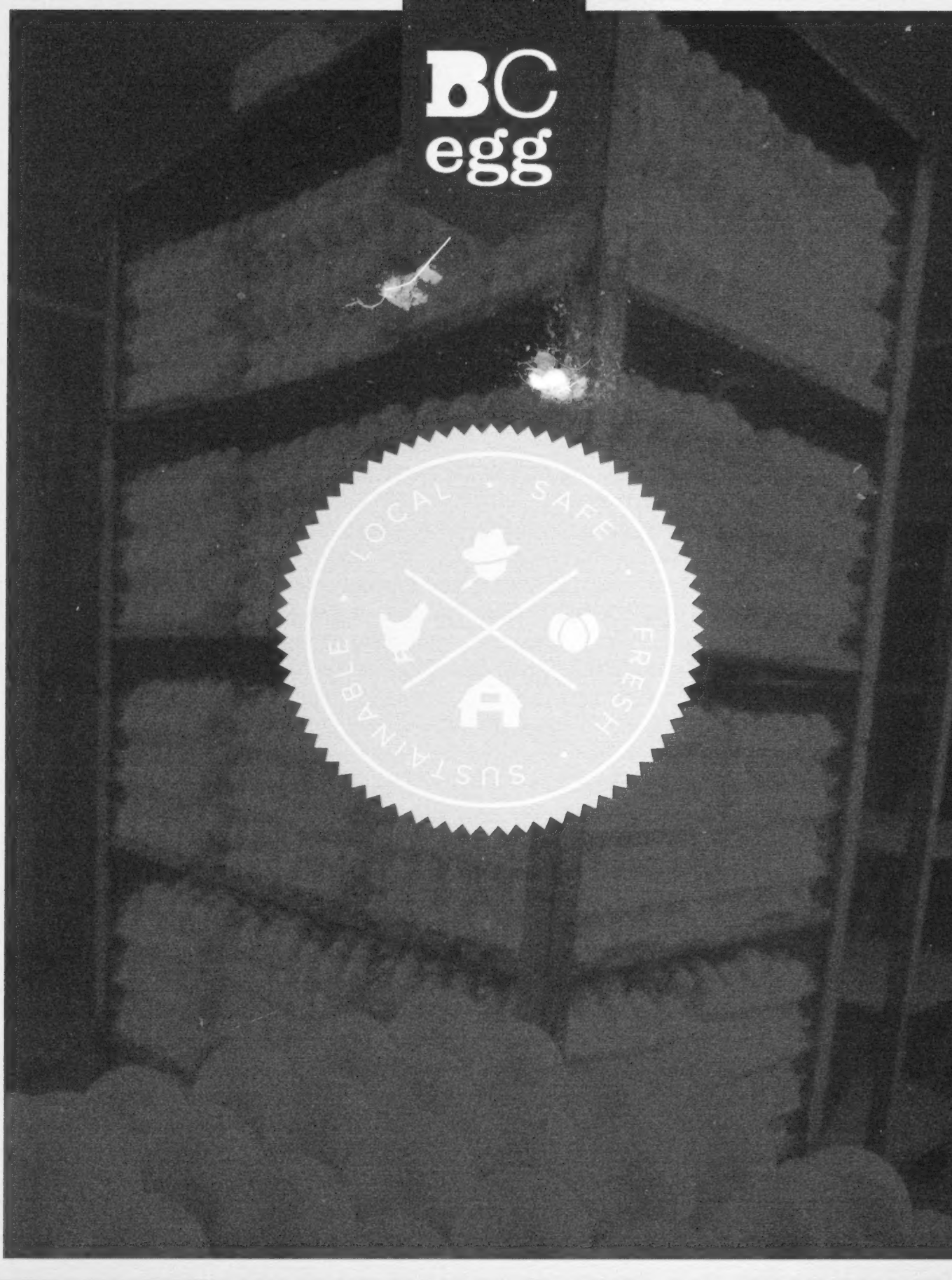
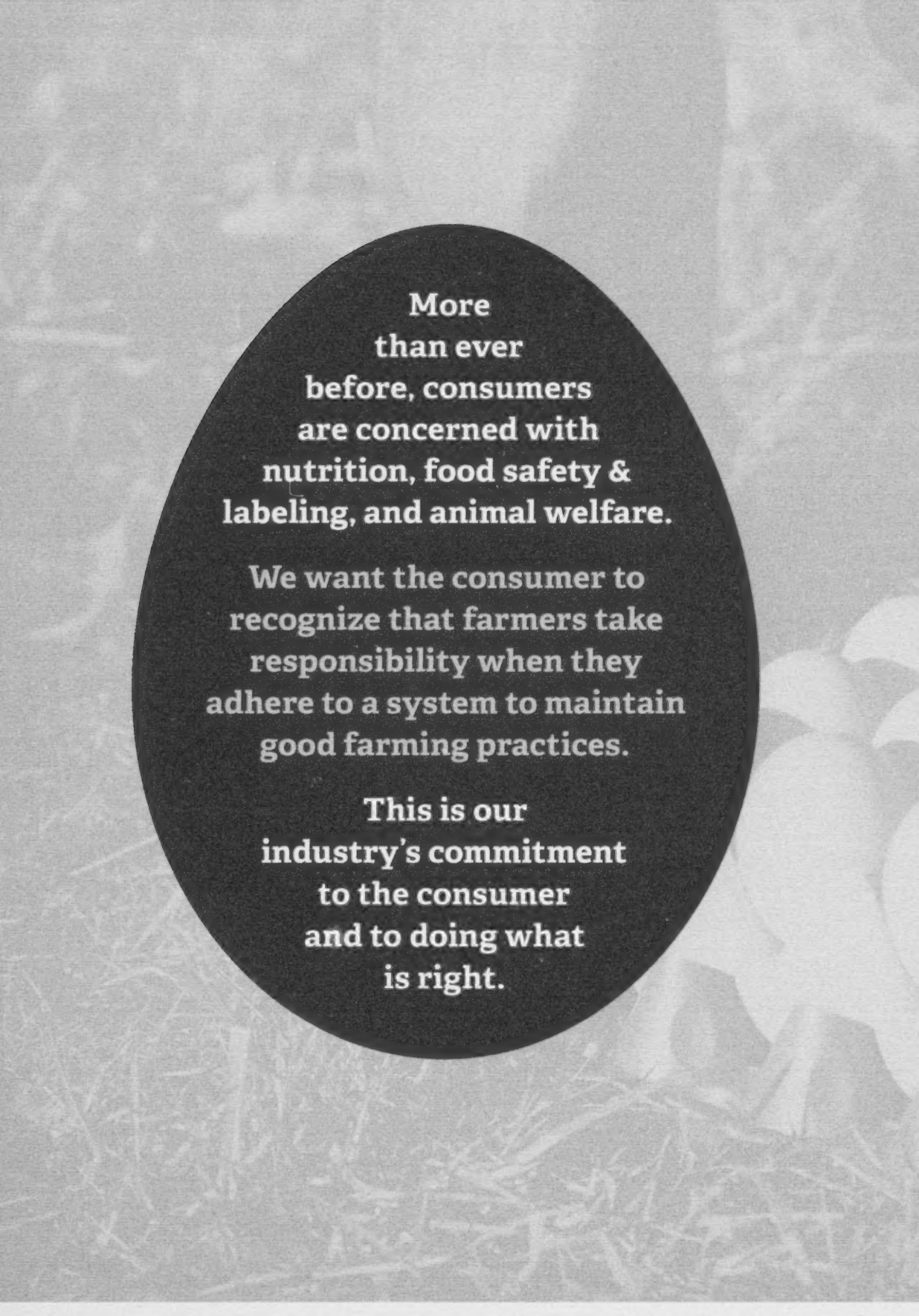

BC egg
2014
Annual Report
399


BC
egg
LOCAL · SAFE · FRESH · SUSTAINABLE ·


More
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nutrition, food safety &
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We want the consumer to
recognize that farmers take
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good farming practices.
This is our
industry's commitment
to the consumer
and to doing what
is right.

Community Engagement & Support

Transparency & Accountability

Vision & Leadership

We can offer the freshest and safest product in the world, through our tightly managed system. Retailers trust Supply Management in that it ensures that our food is safe always.

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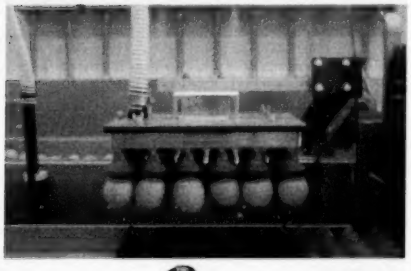
A Question of Food Safety

Over the years as more and more families relocate to urban centres, their geographical distance from the farm and food production has increased. As a result, the majority of consumers are now disconnected from farming and the practise of raising food for the family table. Because so few people are involved in food production, the public is now showing a renewed interest in food. More than ever before, consumers are concerned with nutrition, food safety and labeling, and animal welfare.



These concerns are understandable but have also created pressure for change in every sector of the food system: farmers, manufacturers, food companies, grocery stores and restaurants. Each sector is experiencing increasing pressure to demonstrate their responsibility and commitment to be responsible stewards of the land, animals and to protect consumers. Some are opposed to how today's food is produced and this has initiated regulation changes to production systems. In British Columbia, we have recognized consumer interests and committed to these changes.

However, out of all of these concerns, food safety remains one of the most important issues facing consumers today. Since they cannot themselves easily understand or assess the risks, they rely on the government to protect each stage of the system to determine that nutrition, animal health, and the quality of our food supply, from farm to table, is safe for human consumption.

In the wake of a recent avian influenza situation in British Columbia, what procedures and steps were taken to mitigate the crisis? What was the impact to our animals and how did it affect human health? How did it affect dozens of small farms that are located within the regions in which the illness was discovered? Who noticed? Who took precautions? How did farmers test their animals? And how would they know what to do?

In this report, we will examine today's food production and processing practices at all levels to understand what levels of access and traceability are in place in consideration of human health.

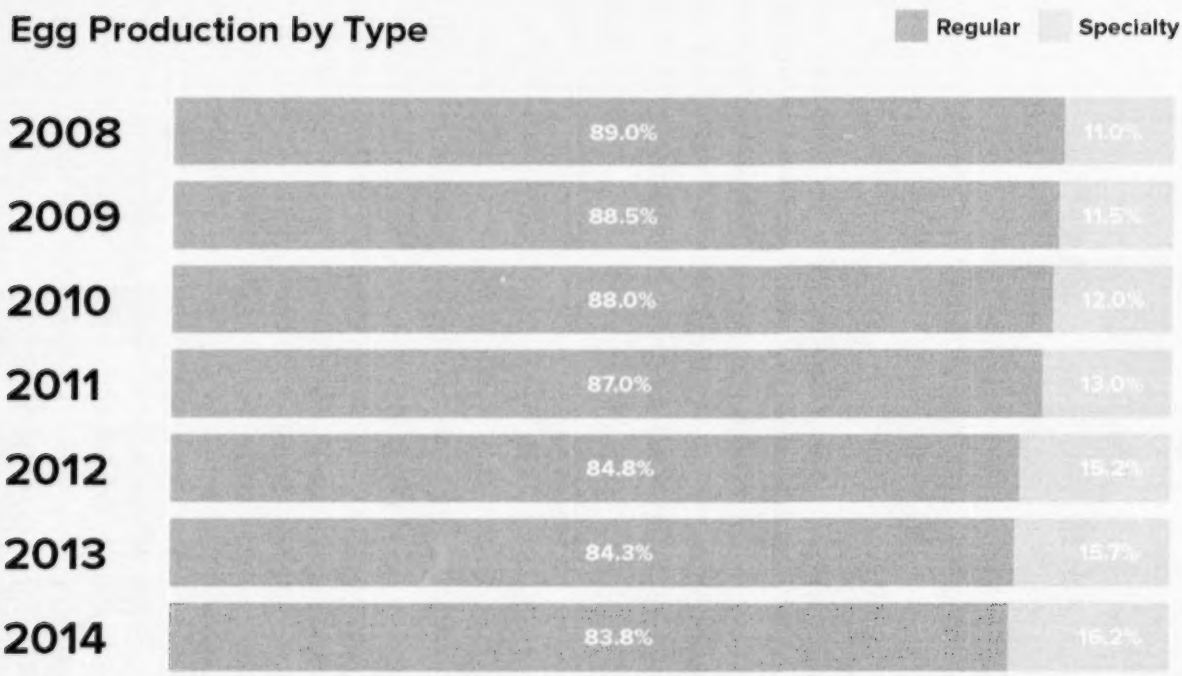
We will show how current farming practices have been utilized to support farming methods that actually increase accountability and make our food system safer than it has ever been.

We want the consumer to understand how our system works. We want the consumer to recognize that farmers take responsibility when they adhere to a system to maintain good farming practices. This is our industry's commitment to the consumer and to doing what is right.

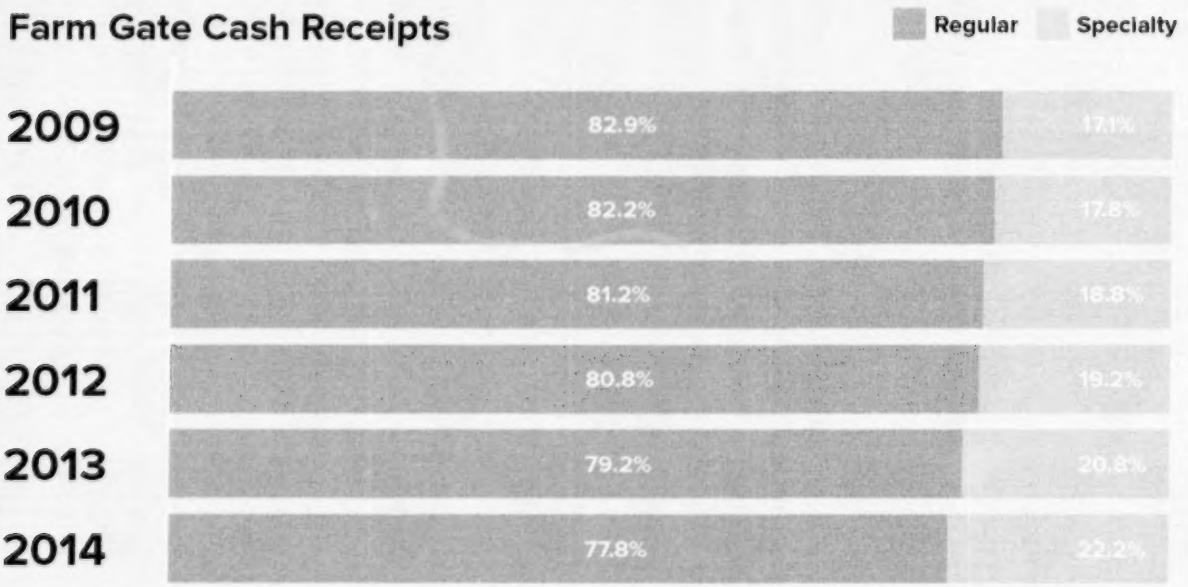
Consumers rely on the government to protect each stage of the system to determine that nutrition, animal health, and the quality of our food supply, from farm to table, is safe for human consumption.

Industry at a Glance

Egg Production by Type



Farm Gate Cash Receipts



Distribution of Expenses

Other
12.92%
$752,000

Net IP, pickup and FR
32.31%
$1,880,000

Legal and Consulting
5.26%
$306,000

Salaries
17.60%
$1,024,000

Net Marketing & Comm
18.35%
$1,068,000

Board
13.56%
$789,000

Other
18.57%
$892,063

Net IP, pickup and FR
26.33%
$1,264,879

Legal and Consulting
6.88%
$330,521

Board
16.17%
$776,989

Salaries
21.61%
$1,037,875

Net Marketing & Comm
10.44%
$501,526

Gradings Report

2013

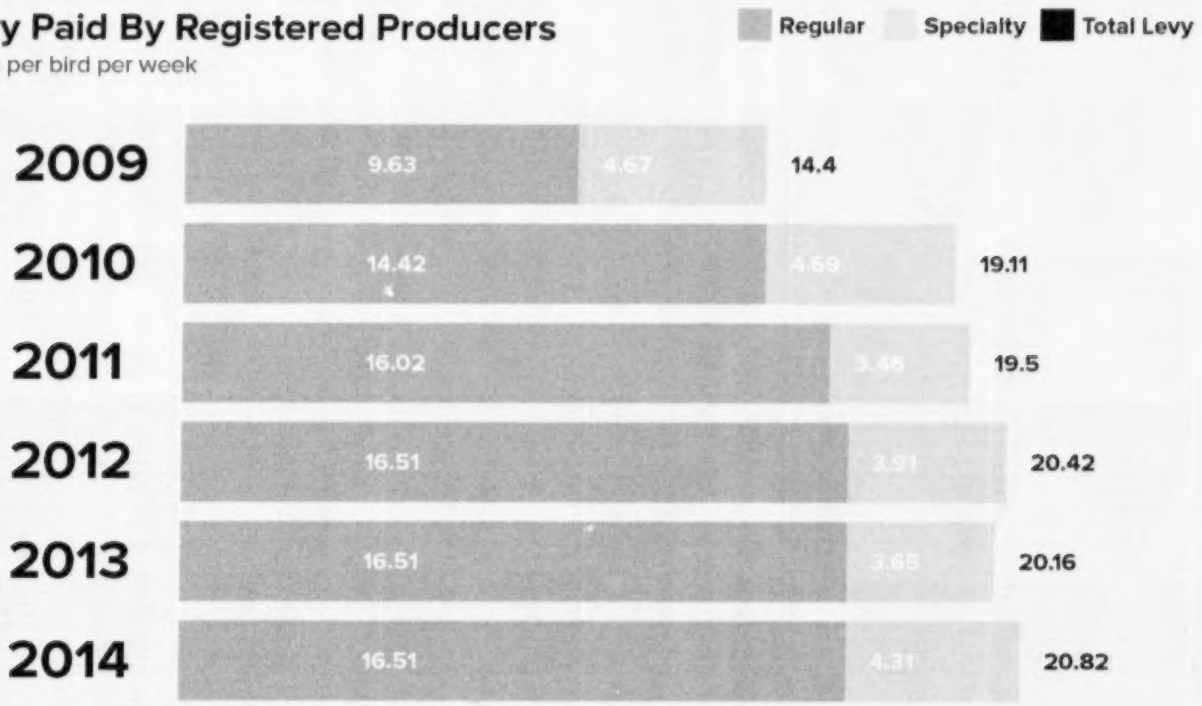
	Dozens	Dollars
Regular	**58,370,969**	**119,781,074**
White	52,557,178	107,257,262
Brown	5,813,791	12,523,810
Specialty	**10,868,013**	**31,556,511**
Total	**69,238,982**	**151,337,595**

2014

	Dozens	Dollars
Regular	**58,902,964**	**118,565,384**
White	52,033,778	103,955,815
Brown	6,869,186	14,609,568
Specialty	**11,420,796**	**33,780,673**
Total	**70,323,760**	**152,346,057**

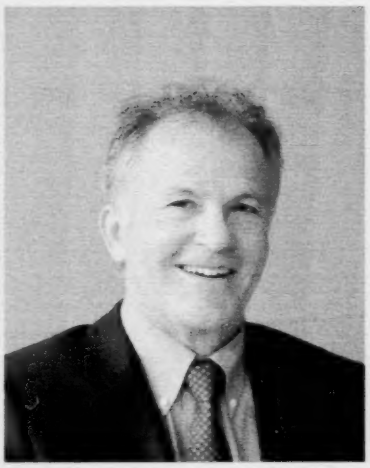
Levy Paid By Registered Producers

Cents per bird per week



Producers will be experiencing more upward cost pressures as they convert their production systems for Specialty Eggs, along with the added costs of implementing animal health, food safety and other on-farm programs like traceability.

Chair's Report



The Board of Directors would like to express their gratitude and thanks to Richard King - the past Chair of the BC Egg Marketing Board (BCEMB). Richard's term was complete on October of 2014 and his stewardship was greatly appreciated. During his tenure, total value chain revenues for eggs increased significantly in the province of British Columbia.

Some revenue increases can be attributed to general population growth as well as general price increases based on rising costs in the delivery chain. Specialty eggs include Free Range, Free Run, and Organic eggs. These eggs amount to 22% of the overall farm sales in the province. No other province in Canada comes close to matching this level of Specialty Egg production, which is a testimony to the BCEMB, along with the producers and the processors working in concert to meet the ever changing consumer needs. We will continue on a five year diversification plan to grow the Specialty sector and introduce more new products to the market.

While the growth in production is exciting, the overall growth in consumption was even higher. This means the importation of eggs into British Columbia from other Canadian provinces and the United States by local graders is growing each year. The Board is committed to working with the other regulatory authorities to improve this situation by increasing local volume outputs going forward, in order to continue to add to the agricultural economy in the province.

Another growth sector for eggs is the industrial processing of value-added products for retail and the hospitality markets. This area is also experiencing a high demand for Specialty Eggs, which presents a significant export opportunity as other North American producers lag far behind in their ability to produce Specialty Eggs.

The BCEMB has refreshed its New Entrant program to increase the number of young farmers entering the industry. This will include more new entrants based on Specialty production and in geographic areas, where the need is not serviced within the province or extra volume is needed to help the smaller graders. Included in the program will be a mentorship or buddy support system for new entrants to ensure their future success.

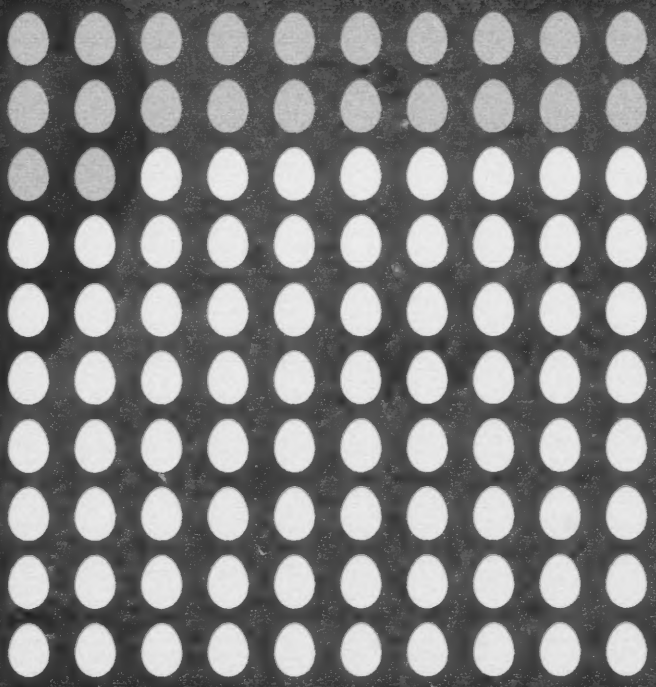
Producers will be experiencing more upward cost pressures as they convert their production systems for Specialty Eggs, along with the added costs of implementing animal health, food safety and other on-farm programs like traceability.

Avian influenza unfortunately struck the Fraser Valley feather producers late in the year. The source was external wildlife and the producers, processors, their associations' emergency response teams, along with Egg Farmers of Canada, the B.C. Ministry of Agriculture and the Canadian Food Inspection Agency are all to be commended for the quick and rigorous implementation of their remedial programs to contain the spreading of the AI. Well done to all of you!

Brad Bond,
Chair

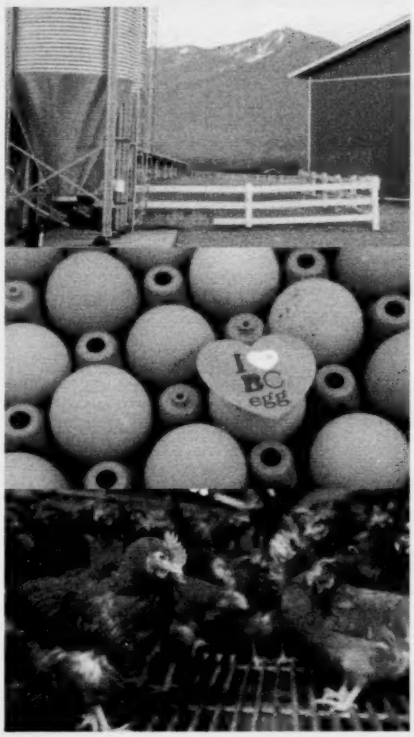
22%

of the overall farm sales are specialty eggs (these include Free Range, Free Run, and Organic eggs).



Market Outlook 2015

The factors we look at in determining the producer prices for 2015 are broad and sweeping. Although, the cost of production sets the base for provincial pricing, it is accepted that under Supply Management producers recover their costs and receive a fair return over time. Market forces are still at play in determining whether we can price regardless what the Cost of Production (COP) indicates.



Markets for almost all staple food commodities have improved significantly since the financial meltdown of 2008. The BC Egg producers have done well in pricing from 2009 to 2014. The average price for Grade A large eggs have moved from $1.71 per dozen in 2009 to $2.14 in 2014, which is a 25% increase over five years. Price of course is not producer returns, but few if any supply managed commodities have managed to maintain and sustain such price increases. This truly represents the power of Supply Management and importance of maintaining our "social licence" in running our own affairs.

Itemized below are a number of factors that we feel are important for producers to understand in the context of maintaining producer returns and our "social licence" in 2015. "Social licence" and producer returns are not mutually exclusive terms. They are most certainly co-dependent.

National Factors

At the national level, we see evidence of shortages of egg supply in "some provincial markets". We also unfortunately see high levels of imports from the USA for both table eggs and eggs for breaking. Qualifying "some markets" refers to BC, Alberta, Ontario, Quebec and New Brunswick. These provinces are also the short markets. Yearly, the national allocation gives a quota to all provinces on historical market share; not according to market conditions.

This one factor is creating significant policy tension within the Canadian egg industry. The question is asked within the "social licence" context from supervisory bodies as to the rational of any proposed national allocations that likely result in significant surplus to the table market in certain provinces and continued shortages in others.

The Canadian industry is being asked to review its provincial quota allocations and report back on how to more appropriately assess provincial and territorial needs, including the egg processing market before future allocations are considered. The industry is also challenged to consider a forward-looking quota allocation methodology rather than a retrospective view based on population growth. This is considered a huge opportunity for British Columbia.

These national factors are important since BC Egg needs to make every effort to maintain and hopefully, gain retail market share both, in the table and breaking market. This means as a high cost province BC Egg may need to initiate a more aggressive predatory market behaviour in cooperation with graders to basically stop the flow of interprovincial and USA eggs into British Columbia. The challenge will be to work within the Federal and Provincial framework, while still making our case for differential market growth. This will put pressure on producer's price and returns.

Levy Factor ... Service Fee

The past allocation and all national future allocations will now attract a service fee of $5.80 per bird to reduce the pressure on the pooled income fund. This is a cost all BC producers will share through levies as all producers benefit from global surplus egg removal. We have been invoiced for

the 2014 allocation when birds are placed and have set up a receivable to Egg Farmers of Canada.

Levy Factor ... Eggs for Processing

The Board is in the final contractual stages with the egg breaker in implementing the Eggs for Processing (EFP) program for some 100,000 layers allocated pro-rata for licensed quota holders. This program supports the growth and development of our egg processing sector and protects our market share in various specialty egg categories. The benefit of maintaining a processing sector is shared by all producers as will be the costs of delivering such a program through equalization payments for all BC quota holders.

USA Factor

The US Egg industry is undertaking significant growth that could lead to a significant correction in the Urner Barry price and the cost of our buyback program. Imports of American eggs into British Columbia are at an all-time high. American eggs are both on our retail shelves and in our HRI (hotel, restaurant, institutional) industries. They are in our market because a number of factors that are creating a "perfect storm" of excess American supply with our own Canadian limitations in timely allocation of egg quota.

The AI crisis in Mexico has resulted in ramping up supply to meet their table requirements. The Latino population has the highest consumption of table eggs in the world; the Americans are filling their needs.

The Canadian market is now the second most attractive market to mid-western US egg producers. As the Mexico situation corrects itself, the Canadian market will be a dumping ground as the Urner Barry price tumbles. In addition, the conventional cage ban in Europe has taken away part of the American export market creating further surpluses.

Prop 2 Factor

As expected the legislative changes in the California market has resulted in market chaos.

The prices of conventional caged table eggs in some parts of California are higher than cage free eggs. The Prop 2 factor is reshaping the nation's egg supply. Urner Barry reports wholesale price for conventional eggs in California has jumped 79%. These prices will remain high until out of state producers complete new facilities to meet the state cage laws. If the mid-western states cannot ship into California, they will look to other markets such as Canada until they re-tool.

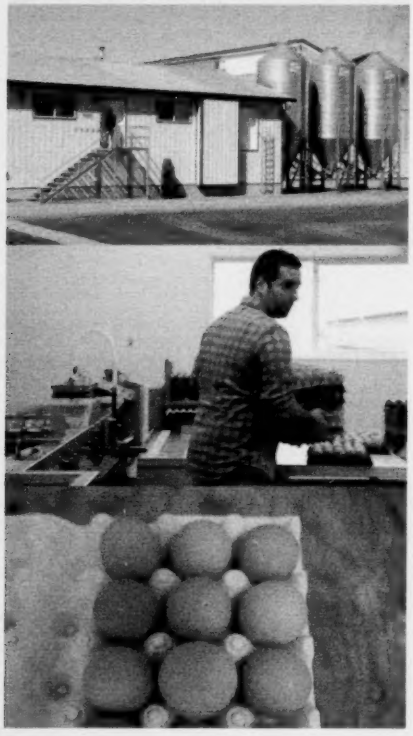
Conclusion

Based on the factors mentioned, we may face a softening of the BC market in 2015.

The challenge will be to work within the Federal and Provincial framework, while still making our case for differential market growth. This will put pressure on producer's price and returns.

Discussion and Analysis

The following discussion of the BCEMB's financial condition and results of operations for 2014 is provided to enable egg producers to assess and compare material changes in financial condition and results of operations for year ending December 27, 2014 with the outlook for 2015 which is also provided.



OVERVIEW OF PRECEDING YEAR - FISCAL 2014 vs 2013.

The financial statement reflects the administrative structure to collect levies and disburse proceeds for the purpose of controlling the supply, management, and promotion of eggs in BC. As a service agent to the national scheme, BCEMB purchases eggs from producers for resale.

Total net revenue for the year ending December 27, 2014 was $1,687,912 million up $1,658,837 from fiscal 2013. Revenue increases reflect higher levies and lower Industrial Product and Marketing costs.

The Board of Directors' expenses decreased by $24,653. Board travel expenses reflect air fare cost and mileage costs. The number of out-of-province trips is similar to the 2013.

Board expenses other than per diems and travel are below budget with the exception of AGM costs that reflect the venue cost of Vancouver and an increase in participation by producers and allied trades to all events.

Administration has increased from $1,972,697 in 2013 to $1,997,840 in 2014, an increase of $25,143. Administrative cost reflect one-time costs associated with a change in management and increased use of consulting advisory services for enterprise risk assessment, systems enhancements and services related to the Board Governance.

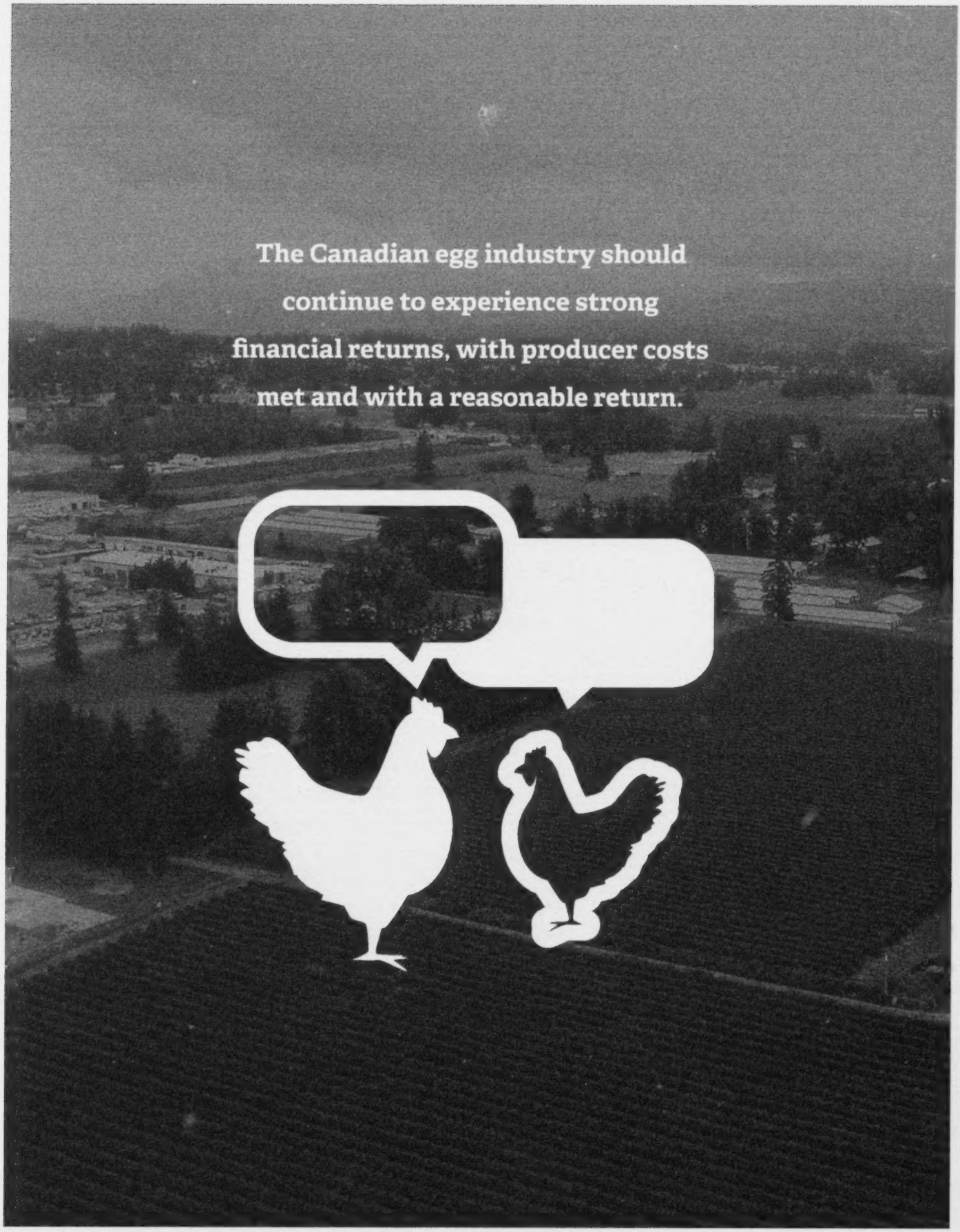
All other administrative costs remain below budget with the exception of small increase in insurance and other miscellaneous costs.

Net marketing costs for 2014 have decreased from $856,037 in 2013 to $501,526 in 2014, reflecting less retailer participation in promotional campaigns. The Avian Influenza outbreak of December 2014 put a number of promotional programs on hold.

FISCAL OUTLOOK 2015

The Canadian egg industry should continue to experience strong financial returns, with producer costs met and with a reasonable return. The American egg industry continues to reflect tight market conditions resulting in a favorable balance in the industrial product removal fund.

The board expenses are projected to be above 2014 levels as a result of one-time cost related to governance and strategic planning.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EFC Director's Report

It was an honour to serve as the British Columbia representative on the Board of Directors for Egg Farmers of Canada (EFC).

It was a dynamic year for us. The Canadian egg industry continues to flourish, with table egg sales increasing by more than three percent this year, marking the 8th consecutive year of growth. EFC follows trends in the United States, which tends to be mirrored in Canada, suggesting further growth is inevitable. However, we must increase production in Canada to meet the heightened demand — something, we continue to negotiate and impress upon Farm Products Council of Canada. We must prepare wisely to ensure Canadians continue to receive local, fresh, high-quality eggs they expect and desire.

We achieved progress in terms of compliance for our national animal care and food safety programs. Recognizing an opportunity to accelerate enhancements to the Animal Care Program, the Production Management Committee of the Board carried out consultations on a number of key elements, including third party auditing, visitor protocols and an employee code of conduct policy.

We worked at all levels of the industry to implement measures that will make the Industrial Products Program sustainable over the long-term. The project teams formed last year implemented three strategies that will reduce reliance on consumer levy and will continue to drive costs out of the system. This was an important accomplishment in an area that will nevertheless demand continuous improvement in the years to come.

The Board of Directors provided direction and support for key government officials and stakeholders in 2014, as we continue to communicate the benefits of supply management. To elevate conversations to a more evidence-based level, we are supporting public policy research through a partnership with the University of Waterloo. Dr. Bruce Muirhead, who has joined Dr. Tina Widowski and Dr. Maurice Doyon as EFC Research Chairs will conduct an analysis of our industry and international comparisons to support sound agricultural policy decision making.

Through our national "natural goodness" advertising campaigns, along with public relations and social media efforts, we educate the public on the benefits of our product — eggs for all Canadians. Our highly successful physician's education program, reached over 20,000 doctors since 2007 with accurate nutritional information and is now wrapping up as we are moving on to new activities in 2015 to continue to fuel growth and opportunities for the industry.

This year was very positive in terms of giving back — something we make a priority to do as part of honouring our social license. We continued to raise money for breast cancer research through our partnership with the CIBC Run for the Cure and established new partnerships with Breakfast Club of Canada and Breakfast for Learning — ensuring tens of thousands of vulnerable children have access to a nutritious breakfast before school. Through special events like the Downtown Diner held in Ottawa, our decades of support to Food Banks Canada and local food banks had many members of Parliament and the community show up in droves.

In addition, our assistance to those in need crosses geographic boundaries. This year, we contributed financially to

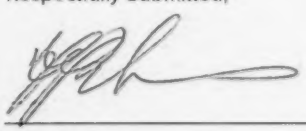
one of the first projects being funded by the newly created International Egg Foundation, of which EFC is a founding partner. Called Project Canaan, this multi-faceted sustainable farming endeavour provides food, shelter, education and work for a growing orphanage and its employee supplies local markets and organizations with much needed nutritious food. Well beyond our financial support, some of our Canadian egg farmers are providing knowledge and on-the-ground expertise to see the layer operation come to fruition and beyond to a sustainable long-term operation.

We will continue to emphasize the value of the stability we provide for Canadians, particularly in the coming year in the face of heightened negotiations of the Trans-Pacific Partnership. There is a sense that 2015 is the year for this trade deal — as it is also a federal election year, we have an opportunity to carve out a leading role in the Canadian agriculture sector.

As Directors of the National Board of the EFC, we are guided by a rigorous strategic planning process that incorporates the interests of all jurisdictions. It ensures objectives and desired outcomes are well defined and that we remain nimble to address the inevitable challenges that arise. A clear example of this is the December outbreak of Avian Influenza in British Columbia, which was a tragic occurrence that has left many poultry farms and the families who operate them devastated and countless others working tirelessly to try and minimize further damage and mitigate impacts. The only positive thing that can be said of this hit on our industry at a particularly trying time of year, is that prior knowledge and expertise at the farm, egg board, provincial and national levels has led to a greater collaboration and cooperation in managing the situation as best as possible.

We recognize that Supply Management gives us a framework for industry-wide progress, that so many sectors do not have and could never replicate. It is this privilege that drives our work at the national level. I appreciate my colleagues and the staff at BC Egg who support my participation on the EFC Board. The demands on Directors are significant and our achievements are the direct result of the diligence and commitment of staff throughout the entire industry.

Respectfully Submitted,



Fred Krahn
EFC Director

We worked at all levels of the industry to implement measures that will make the Industrial Products Program sustainable over the long-term.

The Best of BC Eggs

It was December 2, 2014 ...
"We have received reports from British Columbia that two farms – one in Chilliwack and one in Abbotsford have tested positive for avian influenza. Our understanding is that quarantines are being placed on the premises and samples are being sent for further testing." This was an ominous message heard all around the poultry industry in Canada.

Every regulated industry must observe standards and strict codes of practise and procedures. In agriculture, there is a comprehensive system that must be adhered to for animal welfare standards, animal health, biosecurity and food safety. These reach beyond the farm to include processors, retailers, and restaurants alike. It is a system that ensures continuity of safety and consistent measures of testing from farm to table. Without these regulations we would not know that our farm animals are safe and subsequently, that our entire food chain is secure.

So let's take a look at our industry – from farm to table.

The Farmer

In British Columbia, there are approximately 136 family operated egg farms that are registered within the system of Supply Management. Under this structure, they have committed to operate under strict compliance to standards that are vital for animal and human health. Farmers are expected to maintain the highest standard of farm management as well as the best practices for animal welfare and health. BC Egg farmers are held accountable through various audit calls to the farm throughout the year.

Audits are administered for Biosecurity, Food Safety and Animal Care. These audits impact what is happening on the ground as well as what is affecting birds inside the barns.

From baby chicks throughout a hen's life cycle, audits are conducted to ensure food safety standards are complied with. Food safety testing includes review of records: feed records, water records, flock health and barn temperature. Animal Care audit is delivered by the national board, Egg Farmers of Canada (EFC), which reviews housing and conducts flock health records check.

It is clear to see that our farmers' commitment to inspections and reviews speaks for itself. With these programs in place, the consumer can be certain that the product that arrives at the grocery store is the only product guaranteed to be fresh and safe to eat.

The Grader

The Grader is committed to the Safe Quality Food (SQF) Code which supports industry or a company branded product and offers benefits to Suppliers and their customers at all links in the food supply chain. The Grader offers the next level of inspection behind the farm audit as it prepares eggs for delivery to the retailer or processor. The first step in this process is to check egg shell quality and for blood spots.

The Grader's contribution to product identification for food traceability and recall further provides security in that it minimizes the spread of food hazards such as Salmonella, or other biological food allergens. Traceability is the most

The industry needs to prove that even though the size and scale of today's highly integrated and tightly coordinated food system has changed, commitment to good practices is better than it ever was.

important feature of the Grading process. Using a thorough tracking system the Grader can identify a single egg to the very farm from which it originated.

Emergency Response Team

Since the 2004 Avian Influenza (AI) outbreak in the poultry industry in British Columbia, all feather boards joined together to form an Emergency Response Team.

Working closely with the Canadian Food Inspection Agency (CFIA), the Emergency Response Team managed 2014 crises to mitigate any major loses. CFIA provided regular situation updates and assessments. The first task was to isolate the affected farms as well as other farms in the immediate vicinity. All farms were directed to move their outdoor flocks inside to protect against infected wild birds who were deemed to be the cause of the problem. Every aspect of this crisis was closely monitored and reported to all BC farmers.

Product and Hen Safety

Much has been said about the processes involved when operating a supply managed system, but it all comes down to the product in the end. Through a supply managed system, we have checks and balances in place to avert any major crisis. We can address any potential animal health risk. The fact that the recent case of AI was detected and contained in such a short time proves that we have the tools and abilities to address these kinds of situations. Since the tragic outbreak of 2004, we have learned a thing or two about how to work together to manage ourselves, our farms and our animals. Through Supply Management, we are a cohesive team to bring order in a situation of potential chaos. Rapid response is the key to controlling a situation and the industry has met this requirement.

Outside of Supply Management, there is no mandatory biosecurity procedure, accountability or assurance. Farms outside the system do not have access to information and therefore, nor do they have awareness or recognition of the threat. By the time they hear of it in the media, the damage is already done. How will they be held accountable to do what they must do to mitigate further disaster? How would a farmer outside the system, who does not follow the guidelines of biosecurity, animal care, and SC/SC, really manage his flock? How would he know what to do in such a situation? Without a control centre, how would communications be coordinated in case of an outbreak? Without a registered list of farms, how would we know where the outbreak is located to contain the spread? Farmers with free roaming hens who are outside the system, face the same exposure as all the others ... their birds are vulnerable too.

Traceability and Branding

What does this all add up to? Within the supply managed system, we can easily isolate the problem as we can identify any egg and match it to the farm where it was produced. No matter what happens, we know that we can manage the situation quickly. With everything else, record keeping is essential. Farmers today can monitor their farms 24 hours a day from anywhere that a smart phone has wi-fi service. This technology serves to make the farmer more efficient, but it also protects the birds. From temperature change to water shortage, a farmer can now abide by his standard of animal husbandry within a short response time.

With the changing structure of our food system, along with influence of brands and interest groups as well as the explosion of social media, it has created a new environment requiring food production systems to explore new ways to build consumer trust while protecting its freedom to operate. The industry needs to prove that even though the size and scale of today's highly integrated and tightly coordinated food system has changed, commitment to good practices is better than it ever was.

We can offer the freshest and safest product in the world, through our tightly managed system. Retailers trust Supply Management in that it ensures that our food is safe always.

January 7, 2015 ...
"The Canadian Food Inspection Agency (CFIA) at a national level will be discontinuing (or decommissioning) the National Emergency Operations Centre – probably on January 9."

In the end, only one egg farm was affected due to the coordinated efforts of farmers, graders, government inspectors and veterinarians. Everyone went back to work again to do their part to raise the best BC Eggs.

Committee Reports

Audit Committee

The Audit Committee's responsibility is to provide assistance to the Board of Directors (BOD) in fulfilling its fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, and internal control functions of the British Columbia Egg Marketing Board. The committee's primary duties are to advise the Board of Directors and to make recommendations that support and protect producers-members by:

- Reviewing the annual financial statements as prepared by the auditor;
- Ensuring that an effective system of internal controls has been established and implemented by management;
- Reviewing and approving the auditors' annual audit plan and any other non-audit work performed, and;
- Making a recommendation to the Board of Directors whether to accept the auditor prepared financial statements.

On behalf of the Board, I would like to express our appreciation to the accounting team and the Audit Committee for their support and contribution.

Respectfully submitted,

Amyn Alibhai
Audit Committee Chair

Production Management Committee

Role of PMC

The Production Management Committee (PMC) is comprised of five egg producers whose role and mandate are to act as advocators and fellow advisors to British Columbia (BC) egg farmers in matters pertaining to production practices and related farm issues. The PMC assists in formal complaints regarding production practices and will encourage producers to fully comply with the industry's best management practices. The PMC is a voluntary committee; it is not established under any legislative or regulatory authority, and its only mandate is the one given to it by its members.

More than ever before, there continues to be increased focus and attention to animal care requirements, production standards, food safety and biosecurity. Whenever amendments are proposed by the Egg Farmers of Canada (EFC) regarding national food safety and/or animal care programs, the PMC will review and offer comment on any changes in these areas.

As responsible caregivers, BC Egg farmers strive to observe the standards and programs established by provincial and national regulators for on farm food safety and animal programs. The PMC also facilitates positive relationships with non-farming neighbors who may not fully understand farming operations. In 2014, the PMC responded to three farm complaints to the total satisfaction by the parties involved.

Start Clean – Stay Clean

The Start Clean-StayTM Clean (SCSC) program is a Hazard Analysis Critical Control Points (HACCP) – based national food safety program that focuses on sound management practices and operating procedures to reduce, prevent, or eliminate potential hazards in the Canadian egg industry. There are three distinct parts to the SCSC program. The first two parts of the SCSC program is delivered by the BCEMB's Producer Liaison Officers. The third part of the SCSC program audit is administered by an EFC field officer to determine whether a producer qualifies for certification of this program. In 2014, BC producers scored an average of 97.86% on SCSC Parts 1 & 2.

Animal Care

Welfare is a top priority for BC Egg farmers. Our national Animal Care Program (ACP) has continued to evolve and develop different areas. As of September 2014, three new guidelines were introduced by EFC to the ACP:

1. Visitor Policy
2. Employee Code of Conduct
3. Farm Animal Welfare Policy

As of January 1, 2015, an additional three elements will be introduced to the ACP:

4. Routine Inspection
5. Handling, Catching and Loading
6. Euthanasia

The EFC field officer delivers the ACP to our egg farmers. In 2014, BC producers scored an average of 98.02% on the ACP.

Producers are taking proactive measures to ensure the egg industry continues to provide comprehensive health management and care to animals while providing safe and nutritious eggs to all consumers.

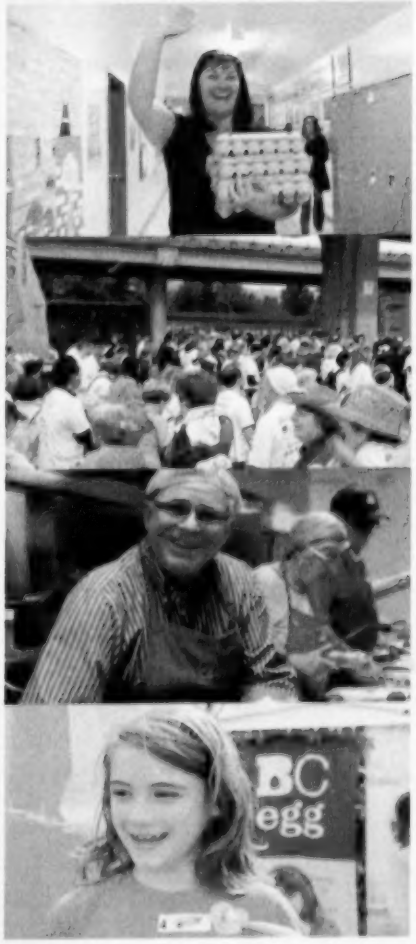
On behalf of the Board, I would like to express our appreciation to the Production Management Committee, the Producer Liaison Officers, and the EFC Field Officer for their continued support, dedication, and commitment to our industry.

Respectfully submitted,

Amyn AlibhaiPMC Chair

In the Community

BC Eggs is all about community. In 2014 we supported a number of events to engage directly with the public. The goal is to bring awareness and education, and to introduce farming and the farmer to the public in a variety of settings. By meeting with a real farmer the public gains insight and understanding of farming practices.



Pacific Agriculture Show 2014

January 28-30, 2014

BC Egg farmers volunteered again this year at the annual Pacific Agriculture Show in Abbotsford. Manning a booth and meeting the public was the focus of this trade show. Being on hand to answer questions about our industry provided an excellent opportunity to educate the public about eggs and Supply Management. Recipes and other informational materials were handed out.

Vancouver Island Agriculture Show 2014

February 7 & 8, 2014

Vancouver Island farmers were in attendance for the second year at the local Vancouver Island Agriculture Show. Farmers met with the public and answered many questions about eggs and farming. Once again, our volunteer farmers were pleased with the results and the enthusiasm that the public has about farming. Recipes and childrens' activity books were handed out.

BMO Vancouver Marathon

May 4, 2014

The 2014 BMO Vancouver Marathon took place on a beautiful day along another spectacular route past beaches, Stanley Park and the Seawall. The Kids 1-Mile Fun Run was also supported with Peel N Snack eggs for each participant. This was the second year that the kids 1-Mile Fun Run took place and everyone in attendance enjoyed the activity.

BC Lions Fanfest

June 8, 2014

This was the third year that BC Egg supported the BC Lions Football Club. As Preferred Partner, BC Egg takes part in a number of activities throughout the year, the first of which is at Fanfest, which takes place in Kamloops, BC at the conclusion of their training camp. Another event that BC Egg is engaged in is their Punt, Pass and Kick. These events offer children an opportunity to train with the pros and families speak with staff about eggs while receiving various educational materials, and recipes. In 2014 #21, Ryan Phillips represented BC Egg at a number of youth football events as a spokesman where he talked about being a football player and that he starts every day with eggs.

Vancouver Canadians Baseball

June 26, 2014

On June 26, 2014 BC Egg sponsored a baseball game at Scotiabank Field in Vancouver. Rain ponchos were given away to the first 1000 visitors and a BC Egg producer again tossed the first pitch. Intermittent audio announcements about eggs played throughout the evening.

Aldergrove Fair Days

July 18-20, 2014

This was the first year that BC Egg was invited to attend the Aldergrove Fair as an egg "judge". Four farmers were in attendance and BC Egg also provided a small cash donation to support the fair.

By meeting with a real farmer the public gains insight and understanding of farming practices.

Poultry In Motion at the PNE

August 18 – September 2, 2014

This was the first year that BC Egg producers joined BC Chicken, BC Broiler Hatching Egg and BC Turkey at this event that provides the public with a look at the poultry industry. A trailer with live chicks was on site to attract children and families for an opportunity to reach out and talk about the poultry industry and farming.

2014 BC Turkey and Eggs Charity Golf Tournament

August 25, 2014

BC Turkey Association and the BC Egg Producers Association again hosted their annual charity golf tournament. This joint fundraiser raises food and cash for the Union Gospel Mission with turkey meat and eggs from local BC farms. To add to the fun this year two BC Lions Football players, Dante Marsh and Jovan Olafioye assisted the live auction. In partnership with BC Turkey farmers we raised a total of $97,666 surpassing last year's funding by over $12,000! BC Egg also donated a number of excellent auction items that contributed to the funds.

A Day at the Farm

September 30, 2014

Every year Westham Island Herb Farm offers the public a chance to have day at the farm. This event took place on a bright and sunny day that offered families the opportunity to meet farmers and participate in a number of farm events. BC Egg manned a booth and handed out recipe cards, tattoos and colored eggs filled with sticky hands. Our volunteer egg farmer was a delightful representative as he responded to numerous questions about eggs and egg farming. The crowds were enthusiastic and appreciative of the chance to meet and ask questions of a real farmer. It was a successful event and visitors often expressed surprise at the information that they received, demonstrating that there is still a great need for awareness about farming, farmers, and egg production.

CIBC's Run for the Cure

October 5, 2014,
Vancouver and Abbotsford

BC Egg again provided two staff to support Egg Farmers of Canada (EFC) at this event. Staff headed off in the early morning to set up the booth and hand out recipe cards, egg cookers and information about eggs. Always a hit are the bright yellow back packs that run out at the heavily attended event. We were proud to represent eggs as a wholesome food choice. CIBC Run for the Cure is Canada's largest single day, volunteer-led event dedicated to raising funds for breast cancer research.

Take A Bite Of BC

(a BC Agriculture in the Classroom Foundation (BCAITC) program).

April and November, 2014

BC Egg has sponsored "Take A Bite Of BC" for the last three years and continues to donate eggs to teaching kitchens in BC secondary schools. There are presently 73 teaching kitchens in the province. The program encourages culinary arts students to be more aware of BC agriculture, and provides an experience and discovery of new recipes and new egg products. Students prepare meals for their fellow students and teachers.

Management Responsibility of Financial Reporting

To the Members of British Columbia Egg Marketing Board:

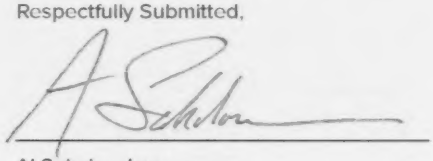
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The BC Egg Marketing Board and Audit Committee of the BC Egg Marketing Board are composed primarily of Members who are neither management nor employees of the Board. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

Respectfully Submitted,



Al Sakalauskas
Executive Director
February 16, 2015

Independent Auditors' Report

To the Members of British Columbia Egg Marketing Board:

We have audited the accompanying financial statements of BC Egg Marketing Board, which comprise the statement of financial position as at December 27, 2014, and the statement of operations, changes in net assets and cash flows for the period ended December 27, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BC Egg Marketing Board as at December 27, 2014 and the results of its operations, changes in net assets and its cash flows for the 52 week period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Abbotsford, British Columbia
February 16, 2015

MNP LLP

Chartered Accountants

BC Egg Marketing Board

Statement of Financial Position

As at December 27, 2014

	December 27, 2014	December 28, 2013
Assets		
Current		
Cash	**1,990,094**	3,377,832
Accounts receivable	**6,627,014**	6,291,846
Restricted cash (Note 3)	**172,474**	-
Prepaid expenses and deposits	**156,457**	133,224
Government remittances receivable	**-**	3,721
	8,946,039	9,806,623
Capital assets (Note 4)	**664,249**	829,096
Long-term investment (Note 5)	**2,601,517**	2,751,605
	12,211,805	13,311,324
Liabilities		
Current		
Accounts payable	**2,818,385**	5,554,840
Accrued liabilities	**271,395**	318,638
Levies transferable to Egg Farmers of Canada	**895,984**	914,317
Government remittances payable	**141,602**	
	4,000,366	6,787,795
Commitment (Note 6)		
Guarantee (Note 7)		
Net Assets		
Invested in capital assets	**664,249**	829,096
Unrestricted	**7,547,190**	5,694,433
	8,211,439	6,523,529
	12,211,805	13,311,324

Approved on behalf of the Board,

Director

Director

BC Egg Marketing Board
Statement of Operations

As at December 27, 2014

	2014	2013
Revenues		
Levies and license fees (Note 9)	**6,415,478**	4,957,930
Less: transferred to Western Pool	**(96,617)**	(35,064)
	6,318,861	4,922,866
Sale of eggs to grading stations	**152,346,057**	151,337,585
Purchase of eggs from producers	**(152,346,056)**	(151,337,580)
Interest and sundry income	**84,009**	89,044
Total revenues	**6,402,871**	5,011,915
Expenses (Schedule 1)		
Administrative expenses	**1,997,840**	1,972,696
Board expenses	**873,848**	898,500
Marketing expenses	**377,523**	856,038
Communication expenses	**124,004**	211,884
Provincial industrial product and post farm gate costs	**1,275,732**	1,880,150
Total expenses	**4,648,947**	**5,819,268**
Excess (deficiency) of revenue over expenses before other items	**1,753,924**	**(807,353)**
Other items		
Other income (expenses)	**(66,014)**	836,429
Excess of revenue over expenses	**1,687,910**	29,076

BC Egg Marketing Board

Statement of Changes in Net Assets

For the 52 week period ended December 27, 2014

	Invested in capital assets	Unrestricted	2014	2013
Net assets, beginning of period	**829,096**	**5,694,433**	**6,523,529**	6,494,453
Excess (deficiency) of revenue over expenses	**(221,873)**	**1,909,783**	**1,687,910**	29,076
Change in invested in capital assets	**57,026**	**(57,026)**	**-**	-
Net assets, end of year	**664,249**	**7,547,190**	**8,211,439**	6,523,529

BC Egg Marketing Board
Statement of Cash Flows

For the 52 week period ended December 27, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**1,687,910**	29,076
Amortization	**221,871**	228,149
Equity loss on investment	**113,088**	74,217
Interest charged on advances to CAFL	**(39,000)**	(39,000)
	1,983,869	292,442
Changes in working capital accounts		
Accounts receivable	**(335,166)**	(1,894,382)
Prepaid expenses and deposits	**(23,233)**	(22,092)
Accounts payable and accruals	**(2,802,031)**	(463,272)
Government remittances payable	**18,323**	(13,577)
	(1,158,238)	(2,100,881)
Investing		
Purchase of capital assets	**(57,026)**	(89,845)
Decrease in cash resources	**(1,215,264)**	(2,190,726)
Cash resources, beginning of year	**3,377,832**	5,568,558
Restricted cash	**(172,474)**	-
Cash resources, end of year	**1,990,094**	3,377,832

BC Egg Marketing Board

Notes to the Financial Statements

For the 52 week period ended December 27, 2014

1. Incorporation and commencement of operations

The BC Egg Marketing Board (the "Board") was established in 1967 under the Authority of the Natural Products Marketing (B.C.) Act. The Board operates under the British Columbia Egg Marketing Scheme, 1967, respecting the control, management and promotion of the marketing of eggs in British Columbia.

The Board purchases eggs from producers for resale and acts as the B.C. agent for the Egg Farmers of Canada ("EFC") for collection of EFC's administration levies and industrial product removal levies, and administers various national egg movement programs.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Investments
The Board accounts for its 50% interest in Central Agricultural Facility Limited ("CAFL") using the equity method. Under the equity method, the investment is recorded at original cost plus the Board's share of undistributed earnings (loss) since inception. The statement of operations includes the Board's share of investee income or loss for the year.

The Board has designated its advances to CAFL as loans and receivables and records them at amortized cost, which is equal to the carrying amount.

Capital assets
Capital assets are recorded at cost.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Years
Automotive	3
Computer equipment	5
Computer software	2-5
Leasehold improvements	10

Revenue recognition
Revenue from sales of eggs, including associated levies, are recognized on a weekly basis as the grading process is completed.

Marketing levies collected on the special permit birds are recognized as revenue when the associated services are provided and the related expenditures are incurred. Prepaid levies that have been collected for producers in advance of the related production week are recognized as revenue when the production week occurs.

Income taxes
The Board is a not-for-profit organization and is exempt from income taxes pursuant to subsection 149(1)(e) of the Income Tax Act.

Employee future benefits
The Board's employee future benefit program consists of a defined contribution plan. Contributions are expensed as required.

Measurement uncertainty (use of estimates)
The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments
The Board recognizes its financial instruments when the Board becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties due to their short term nature. Transactions to purchase or sell these items are recorded on the trade date and transaction costs are immediately recognized in the statement of operations and changes in net assets. The Board subsequently measures all financial assets and liabilities at amortized cost.

3.Restricted cash

During the year, the Board received funds from the BC Broiler Hatching Egg Committee, BC Turkey Board and BC Chicken Marketing Board for the Emergency Response Fund. The use of the cash is restricted for expenditures incurred related to Avian Influenza.

BC Egg Marketing Board

Notes to the Financial Statements

For the 52 week period ended December 27, 2014

4. Capital assets

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Automotive	66,820	43,131	**23,689**	40,394
Computer equipment	909,685	539,771	**369,914**	457,678
Office equipment	183,171	168,340	**14,831**	25,170
Leasehold improvements	502,552	246,737	**255,815**	305,854
	1,662,228	997,979	**664,249**	829,096

5. Long-term investment

The Board's investment in Central Agricultural Facility Limited ("CAFL") includes the following:

	2014	2013
Shares - 50% interest	**1**	1
Advances without fixed terms of repayment or interest	**1,947,530**	1,908,530
Advances without fixed terms of repayment, including interest at fixed rate of 3%	**1,300,000**	1,300,000
Equity loss since inception	**(646,013)**	(532,925)
	2,601,517	2,675,605

The Board used CAFL's December 31, 2014 financial statements to report its equity interest, which are audited by another firm of public accountant.

6. Commitment

The Board is committed to an operating lease for a photocopier with yearly lease payments of $6,360 plus taxes, with the lease expiring 2017.

7. Guarantee

As at December 27, 2014, the Board has guaranteed a mortgage of Central Agricultural Facility Limited (CAFL), up to a maximum amount of $2,000,000 (2013 - $2,000,000). Payment under this guarantee, which will remain in place until the maturity date of December 29, 2036, is required should CAFL default on its obligations. As at December 27, 2014, no liability has been recorded associated with this guarantee as CAFL has complied with the requisite mortgage payments.

8. Line of credit

The Board carries an operating line of credit with the Royal Bank of Canada. The operating line entitles the Board to borrow a maximum of $500,000 with interest at the bank prime rate, and is secured by all assets of the Board. The operating line was not utilized as of December 27, 2014.

9. Levies and license fees

Levies are imposed on egg producers by the Board and EFC. The Board acts as an agent to collect and remit levies to EFC. These levies are not included in revenue of the Board.

	2014	2013
Total levies and license fees collected from producers	**28,193,863**	27,411,010
Less: levies and service fees remitted to EFG	**(21,778,385)**	(22,453,080)
	6,415,478	4,957,930

10. Related party transactions

During the year the Board paid rent in the amount of $140,376 (2013 - $131,718) to Central Agricultural Facility Limited ("CAFL"). In addition, the Board received interest income in the amount of $39,000 (2013 - $39,000) from CAFL.

During the year the Board paid membership fees in the amount of $27,701 (2013 - $35,391) to BC Poultry Association.

The Board provides operating grants to various Egg Producer Associations.

11. Financial instruments

The Board, as part of its operations, carries a number of financial instruments. It is management's opinion that the Board is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

The Board is exposed to limited credit risk resulting from the possibility that parties may default on their financial obligations. In addition, there is a concentration of transactions carried out with entities with similar economic conditions such that they could be similarly affected by changes in economic conditions. The Board does not directly hold any collateral such as security for financial obligations.

The Board believes that credit risk and concentration of credit risk are limited due to the quality of parties extended credit and the history the Board has with these entities. The Board maintains allowances for potential credit losses and any such losses to date have been within management's expectations. These allowances are determined by consideration of economic conditions, historical information, and accounts past. The allowance is calculated on a specific identification basis. Amounts subsequently recovered which were written off are credited to the allowance accounting in the period of recovery.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Board is exposed to limited interest rate cash flow risk with respect to the prime plus advances made to the Central Agricultural Facility Ltd.

12. Pension plan

The Board's pension plan is administered by the Teamsters Union and is a defined contribution plan. Pension expense of $68,811 (2013 - $64,765) has been included in salaries and benefits.

BC Egg Marketing Board
Notes to the Financial Statements

For the 52 week period ended December 27, 2014

Schedule 1 - Schedule of Expenses

	2014	2013
Administrative expenses		
Administrative travel	**109,034**	121,932
Amortization	**221,871**	228,149
Insurance	**24,609**	22,854
Legal	**63,875**	48,624
Miscellaneous	**22,975**	29,123
Professional development administrative	**40,660**	27,069
Professional services	**169,789**	146,521
Rent	**140,376**	131,718
Repairs and maintenance	**3,762**	2,176
Salaries and benefits	**1,037,875**	1,024,649
Supplies and postage	**20,518**	19,108
Systems and network	**123,385**	152,191
Telephone	**19,111**	18,582
	1,997,840	1,972,696
Board expenses		
Annual general meeting	**62,508**	46,881
Association grants	**90,859**	92,730
Board members	**428,833**	399,590
Committees	**26,158**	37,817
Events	**92,940**	75,857
Memberships	**42,870**	52,945
Professional development board	**714**	4,051
Professional services	**96,857**	109,916
Research and scholarships	**32,109**	78,713
	873,848	898,500

	2014	2013
Marketing expenses		
Education	**840**	1,962
Marketing programs	**319,409**	772,380
Promotions	**28,730**	63,888
Marketing travel	**28,265**	17,566
Memberships	**279**	242
	377,523	856,038
Communication expenses		
Miscellaneous	**1,715**	2,790
Communication programs	**38,361**	103,799
Spot promotions	**71,946**	91,228
Communication travel	**11,982**	14,067
	124,004	211,884
Provincial industrial product and post farm gate costs		
Industrial products costs	**19,672,339**	28,093,096
Farm pickup costs	**935,945**	936,159
Fowl removal	**88,143**	121,155
EFC recoveries	**(18,998,393)**	(26,820,928)
Fowl removal recoveries	**(433,154)**	(454,927)
Other	**10,852**	5,595
	1,275,732	1,880,150

Board of Directors

The British Columbia Egg Marketing Board's (BCEMB) Board of Directors is composed of four elected Directors and an independent Chair appointed by the provincial government.

The BCEMB Board of Directors' mandate is to develop and implement procedures, programs and initiatives required to maintain and promote the BC table egg industry. The Board also ensures that administration, operation and management of the organization are performed under the best business practices at all times.

The Board of Directors is responsible for supervising the management of the BCEMB's business affairs. It has the statutory authority and obligation to protect and enhance the assets of the BCEMB and the interests of the BC Egg industry. Although, Directors are elected by BC Egg producers to bring a special expertise or point of view to the Board's deliberations, they are not chosen to represent a particular constituency. The best interest of the entire industry is always paramount.

Chair
Brad Bond

Vice-Chair
Fred Krahn

Secretary
Walter Siemens

Director
Amyn Allbhai

Director
Jennifer Wolke

Industry Partners

Ad Agency of Record
DDB

Marketing Communications
Sabotage Creative

Auditors
Meyers Norris Penny LLP

Bank
Royal Bank of Canada

Legal Counsel
Affleck Hira Burgoyne LLP

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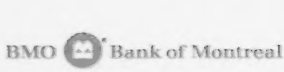

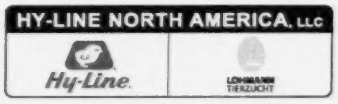

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